

## **Appendix H**

### **Business Process Cost Survey**



## I. Introduction



King County in conjunction with its consultant, Dye Management Group, Inc., is conducting the Quantifiable Business Case (QBC) project to identify improvements to the county's budget, financial, human resources, and payroll operations. Part of this project involves assessing the costs of the current business processes. These costs will then be used as a baseline against which to compare the costs of improved processes. This survey is to help collect these current process costs.

We ask that you designate a lead person in your Department to coordinate this survey. We recommend that you draw on the expertise of subject matter experts from your Department who have been involved in the QBC project to date.

For this survey, we ask that you provide the direct staff costs and associated administration costs for performing the stated business functions.

Once we receive the completed surveys, we will separately compute and add the cost of overhead to the FTE costs. We will also allocate the agency administration costs to the business functions and processes identified in the forms.

Technology costs are being identified countywide through another survey process. We will add these costs to the business process costs to compute the total cost of performing the business function. Consequently, you should not include on this form the cost of technology, which includes the cost of information technology such as staff, software, desktop computers, or network infrastructure.

We request that you begin work immediately on completing the survey. We are available to answer any questions. In addition, there will be an orientation session to review this survey on March 3 from 2:00 – 3:00 p.m. in the Key Tower, 23rd floor Olympic Room. If you have conflicts, please let us know and we will provide an alternative orientation.

We appreciate your thoughtful and prompt completion of this survey. Please return it by March 15, 2004 at 5:00 p.m. to [dave@dyemanagement.com](mailto:dave@dyemanagement.com).

Please contact David Fish at (425) 637-8010 with any questions.

## II. Process Cost Instructions

The forms for collecting business process costs are attached as an Excel spreadsheet. The titles and formulas are protected. The workbook contains four sheets.

- **Contact Information** – Please complete so we can contact you for additional information or clarification.
- **Agency Data Collection** – Please complete per the instructions below.
- **Agency Administration** – Please complete per the instructions below.
- **Application of Overhead** – We will complete this form by applying an overhead factor and technology costs after we receive your completed forms. **Please do not complete this form.**

### A. Agency Data Collection Form

Please complete the *Agency Data Collection Form* identifying the costs and FTEs for each business function performed in your agency. Please use the 2004 PONS database as your source for providing the labor cost. The cost amount to use is the PONS amount less the 2004 cost of living adjustment. The average cost of living adjustment was 2.03 percent but your agency's rate may be different because of bargaining units representing your staff.

We realize that one person may perform many functions and, because the person may perform unrelated agency support, the total of his or her time may not add up to 1.0 FTE. Please allocate to the best of your ability a person's time to the functions he or she performs.

#### 1. Column Definitions

- **Business Area** – These are the business process areas identified in the scope of this project.
- **Function** – These are the business functions identified in the scope of the project.
- **Benefited Employees** – This includes all employee classes that receive the flex benefit including Career-Service, Career-Service Exempt, and Term-Limited.
  - **FTE** – Please provide the cumulative FTE allocation of staff time spent on each function.
  - **Labor Cost** – Please allocate the labor cost on the same basis as you allocated the FTE. Do not include benefits in the cost, only direct salary.
- **Temporary Employees** – This includes all employee classes that do not receive the flex benefit including Short-Term Temporaries, Interns, and Contract Workers.
  - **FTE** – Please provide the cumulative FTE allocation of staff time spent on each function.

- **Labor Cost** – Please allocate the labor cost (direct salary) for staff on the same basis as you allocated the FTE.
- **Comments** – Any additional information you can provide in how you determined the costs. This is useful in assessing whether agencies used the same assumptions for the cost computations.

We are collecting information separately for benefited employees versus temporary employees so we can more accurately apply direct overhead.

## 2. Row Definitions

Below are definitions of the functions and processes references on the *Agency Data Collection Form*.

The costs associated with conducting the business operations defined in the second column are to be summarized and entered into the spreadsheet row designated with the same name as the corresponding bulleted item in the first row.

### Exhibit II-1: Agency Data Collection Form

Business Function/Process	Definition
<b>Human Resources Business Area</b>	
<b>Compensation and Benefits:</b>	
<ul style="list-style-type: none"> <li>Classification and Compensation</li> </ul>	<p><u>Classification System Development</u></p> <p>Include the costs of developing recommendations for compensation policy; developing and maintaining the classification system and conducting a review of the entire system on a 3-year cycle; providing input to the bargaining process to ensure classification elements are in compliance with law, regulation, policy, and administrative capabilities of the county; and auditing the class system to ensure fair, legal, and consistent application of classifications throughout the county.</p> <p><u>Compensation System Development</u></p> <p>Include the costs associated with developing recommendations for compensation policy; developing and maintaining the compensation system and conduct a review of the entire system on a 3-year cycle; providing input to the bargaining process to ensure compensation elements are in compliance with law, regulation, policy and administrative capabilities of the county; and auditing the comp system to ensure fair, legal and consistent application of classification and pay throughout the county.</p> <p><u>Classification/Compensation Administration</u></p> <p>Include the costs of conducting reviews of individual positions to determine if, based on the body of work assigned, the position is allocated to the correct classification.</p>
<ul style="list-style-type: none"> <li>Pay</li> </ul>	<p><u>Pay Implementation Development</u></p> <p>Include the costs of performing all necessary special comp studies prior to bargaining; completing financial and administrative impact pre-planning for each negotiation; assisting with analysis during negotiation; planning and executing successful pay implementation; and auditing all new contracts to ensure all provisions have been properly implemented.</p>

Business Function/Process	Definition
	<p><u>Pay Implementation</u></p> <p>Include the costs associated with calculating pay tables, and both retroactive and prospective pay rates for individual employees when new union contracts or new compensation ordinances are approved.</p> <p><u>Pay Implementation Administration</u></p> <p>Include the costs of designing and implementing monitoring and audit processes.</p>
<ul style="list-style-type: none"> <li>• Benefits</li> </ul>	<p><u>Benefits System Development</u></p> <p>Include the costs associated with developing recommendations for benefit labor policy, negotiating benefits packages with labor, and developing benefits programs, conducting RFP for benefits vendors, and implementing benefits programs.</p> <p><u>Benefits System Implementation</u></p> <p>Include the costs of conducting the RFP process for benefits vendors, developing administration requirements, identifying payroll system changes, planning communication requirements, and creating summary plan descriptions.</p> <p><u>Benefits System Administration</u></p> <p>Include the costs of administering benefits on a day-to-day basis, conducting annual open enrollments, developing and distributing summary plan descriptions and other benefits information to employees, and answering member questions about the plans.</p>
<b>Organization and Individual Productivity:</b>	
<ul style="list-style-type: none"> <li>• Employee Development</li> </ul>	<p>Include the costs of any activity intended to improve the employee's current job performance or to prepare the employee to be considered for new responsibilities, roles, or positions to meet the organization's changing business needs.</p>
<ul style="list-style-type: none"> <li>• Organizational Development and Related Consulting Services</li> </ul>	<p>Include the costs of implementing planned approaches to effecting change in the organization. Organization development addresses core, technical, and human systems (e.g. HR Unification Project). Related consulting services are focused on a particular system or situation (e.g. facilitation services, conflict resolution services, customer surveys).</p>

Business Function/Process	Definition
<b>HR Planning, Selection and Placement:</b>	
<ul style="list-style-type: none"> <li>Workforce Management</li> </ul>	<p><u>Workforce Management and Succession</u></p> <p>Include the costs associated with workforce management. Workforce management includes lay-off coordination within Executive Branch and with labor unions, and layoff prevention/placement of affected employees.</p> <p>Include the costs of succession planning. Succession planning consists of activities to ensure a viable applicant pool is available, competitive, and/or ready to promote to address, among other things, the county's demographic reality that a significant portion of the county's workforce is eligible to retire within the next 3 to 5 years.</p> <p><u>Job Review</u></p> <p>Include the costs associated with reviewing the body of work to ensure that the job class, description, and posting, if needed, reflect current business needs as to 1) appropriate type of position (contract worker, short term temp, TLT, ongoing appointive, or career/civil service), 2) duties and responsibilities, 3) competencies that meet present and can meet future business needs, and 4) integration with other organizational goals i.e. affirmative action, succession planning.</p>
<ul style="list-style-type: none"> <li>Recruitment</li> </ul>	<p><u>Recruitment and Selection Strategy</u></p> <p>Include the costs associated with planning activities based on the job review to include 1) recruitment and outreach goals to attract appropriate applicant pool, and 2) selection process design to ensure appropriate assessment/testing of knowledge, skills, and abilities.</p> <p><u>Recruitment</u></p> <p>Include the costs associated with execution of the recruitment strategy to attract a viable applicant pool as identified in the recruitment and selection strategy. Recruitment strategies aside from general posting may include advertisement, job fairs, community events, targeted advertising, and head-hunting services.</p>

Business Function/Process	Definition
	<p><u>Selection</u></p> <p>Include the costs of execution of the selection process to ensure appropriate assessment/testing of knowledge, skills, and abilities that meets EEOC content, criterion, and construct validities. Administration of Internal Applicant Hiring Considerations. Review and approval of certain starting salaries and PERS Plan I Retiree hiring.</p>
<b>Labor Contract Management and Employee Relations:</b>	
<ul style="list-style-type: none"> <li>• Safety and Claims</li> </ul>	<p>Include the costs of all activities associated with administering the self-insured workers' compensation claims, prevention of work related illnesses and injuries, and helping employees who have either work or non-work related disabilities keep working or return to work.</p>
<ul style="list-style-type: none"> <li>• Disability Accommodations and Employment</li> </ul>	<p>Include the costs of all activities associated with helping employees who have either work or non-work related disabilities keep working or return to work.</p>
<ul style="list-style-type: none"> <li>• Labor Contracting</li> </ul>	<p><u>Labor Contract Negotiations</u></p> <p>Include the cost of activities associated with negotiating collective bargaining agreements with recognized employee organizations, in accordance with State law, county ordinances, and county labor policies.</p> <p><u>Labor Contract Administration</u></p> <p>Include the costs of advising managers on interpretation and application of collective bargaining agreements, participating in joint labor-management committees, and assisting managers and employee representatives to resolve questions of contract interpretation.</p>
<ul style="list-style-type: none"> <li>• Grievance and Disciplinary Administration</li> </ul>	<p>Include the costs associated with advising managers on procedural and substantive matters related to disciplinary action against employees covered by a collective bargaining agreement and representing the county in grievance and arbitration proceedings on employee discipline and other disputes arising from a collective bargaining agreement.</p>
<ul style="list-style-type: none"> <li>• Performance Appraisal and Merit Pay</li> </ul>	<p>Include the costs of complying with the K.C.C. 3.12.350 which requires the establishment of personnel guidelines to include employee performance evaluation and connects pay to evaluations, thereby establishing a system of merit pay.</p>



Business Function/Process	Definition
<ul style="list-style-type: none"> <li>Human Resources:</li> </ul>	<p><u>Community Development</u></p> <p>Include the costs of activities associated with integrating and sustaining a community of HR services providers so that they can partner in HR decision-making and implementation throughout King County.</p> <p><u>Communications</u></p> <p>Include the costs of activities devoted to ensuring that HR policies, procedures, processes, programs, and projects are clearly understood and supported; ensuring that customers understand the value-adding role of HR information and services and can better utilize the HR resource available to them to 1) benefit business decisions and 2) benefit employee development; and ensuring that feedback from HR customers is heard, understood, and considered in the improvement of HR systems and services.</p> <p><u>Quality Assurance</u></p> <p>Include the costs of activities focused on ensuring that HR management practices are consistent, fair, equitable, and in compliance with the law.</p> <p><u>HR Information Management</u></p> <p>Includes the costs of activities enabling the provision of reliable, accessible, and secure information so that managers, HR practitioners, and employees have the information they need to make and implement timely, informed decisions.</p>
<b>Payroll Business Area</b>	
<ul style="list-style-type: none"> <li>Payroll Processes and Reporting</li> </ul>	<p>Include the costs of payroll processes in regard to receiving and processing employee and payroll information for producing payroll checks and associated data collection and reporting.</p>
<ul style="list-style-type: none"> <li>Timekeeping</li> </ul>	<p>Include the costs of collection of time records for employees' payroll transactions in multiple categories for the purpose of data entry into a payroll system.</p>

Business Function/Process	Definition
<b>Financials Business Area</b>	
<ul style="list-style-type: none"> <li>General Ledger</li> </ul>	<p>Include the costs of recording, summarizing, and classifying financial transactions from all sources including actual, budget, and encumbrance amounts, and maintaining the chart of accounts used to define the operating structure for the organization. These costs should include transactions at the GL level (excluding transaction costs entered via subsidiary ledgers defined below).</p>
<ul style="list-style-type: none"> <li>Project Accounting</li> </ul>	<p>Include the costs of accumulating and reporting detailed cost information for county projects and Grants, including:</p> <ul style="list-style-type: none"> <li>Multi-year construction projects (capital projects).</li> <li>On-going program related activities (operating projects).</li> <li>Capital projects that may be capitalized to Fixed Assets.</li> </ul>
<ul style="list-style-type: none"> <li>Grant Accounting</li> </ul>	<p>Include the costs of meeting the administrative and reporting requirements for the grants related to their programs. Do not include project recording of grant expenditures if it is included in project accounting above.</p>
<ul style="list-style-type: none"> <li>Purchasing</li> </ul>	<p>Include the costs of acquiring goods and services to implement and support the county's programs. Also include the receipt of goods but not the payment for those goods or services (include the costs of the payment process below).</p>
<ul style="list-style-type: none"> <li>Accounts Payable and Warrant Reconciliation</li> </ul>	<p>Include the costs of paying for goods and services and reconciling warrants. Include the cost of preparing payment vouchers for both direct payment and payments for purchase orders. The cost of the warrant reconciliation process should include all payment processes including payroll.</p>
<ul style="list-style-type: none"> <li>Accounts Receivable and Collections</li> </ul>	<p>Include the costs of managing amounts owed to an organization including sending invoices, managing customer billing information, receiving payments, and managing collection activities.</p> <ul style="list-style-type: none"> <li>Include the processing of revenues collected directly for services or supplies.</li> <li>Exclude the costs of collecting grants revenues if they are included in the Grant Accounting line.</li> <li>Include the costs of processing interdepartmental billings and collections.</li> <li>Exclude the costs of Transit Pass sales and Parts Warranty Claims.</li> </ul>

Business Function/Process	Definition
<ul style="list-style-type: none"> <li>Inventory</li> </ul>	<p>Include the costs of managing inventory purchases, receipts, issues, transfers, and returns to stock. Exclude purchase costs that are included in the Purchasing line.</p>
<ul style="list-style-type: none"> <li>Order Entry</li> </ul>	<p>Include the costs of processing Transit Pass sales and Parts Warranty Claims.</p>
<ul style="list-style-type: none"> <li>Fixed Assets</li> </ul>	<p>Include the costs of:</p> <ul style="list-style-type: none"> <li><b>Capital Asset Management Function:</b> Tracking the organization's capital assets to support financial reporting including depreciation as well as custodial reporting. Include the cost of tracking and reporting land, buildings, furniture, machinery, vehicles, and infrastructure, as well as other physical property identified as "controllable".</li> <li><b>Fixed Asset Function:</b> Maintaining fixed assets from a financial reporting perspective (maintenance functions that use or provide financial information such as maintenance management system). Do not include the costs of processes that are already included in purchasing or inventory functions.</li> </ul>
<ul style="list-style-type: none"> <li>Cash Management</li> <li>Investment Management</li> <li>Debt Management</li> </ul>	<p>Include the costs of processing and reporting cash, investment, and debt activities, balances and projections.</p>
<ul style="list-style-type: none"> <li>Labor Distribution</li> </ul>	<p>Include the costs of allocating labor costs (salaries, wages, etc., for all county workers) to different fund sources and to make visible labor costs associated with funding sources, projects, grants, operations, organizations, etc. Exclude costs that are already included in timekeeping, project accounting, and grant accounting.</p>
<ul style="list-style-type: none"> <li>Financial Reporting</li> </ul>	<p>Include the costs of preparing internal and external financial reports and providing reliable, accessible, and secure information so that managers, fiscal officers, Council, and employees have the information they need to make and implement timely, informed decisions, and ensure accountability and accuracy of financial processes. Exclude reporting costs that are associated with one of the specific business functions above.</p>
<b>Budget Business Area</b>	
<b>Operating Budget:</b>	

Business Function/Process	Definition
<ul style="list-style-type: none"> <li>Operating Budget Development Function</li> </ul>	Developing the operating budgets for the year including request, analysis, and approval. Also include the costs of resolving differences between the requested and approved budget and implementing the budget ordinance.
<ul style="list-style-type: none"> <li>Operating Budget Maintenance Function</li> </ul>	Maintaining the operating budget including development of the quarterly ordinance for omnibus budget (supplemental budgets) and the annual rollover of budget dollars to support open encumbrances.  Note: The Body of Work process was discussed in the Operating Budget Focus Group, but the costs should be included in the Human Resources HR Planning, Selection and Placement line.
<b>Capital Budget:</b>	
<ul style="list-style-type: none"> <li>Capital Budget Development Function</li> </ul>	Developing the capital budget including requests, analysis, and proposal, and approval. Also include the costs of resolving differences between the requested and approved budget and implementing the budget ordinance.
<ul style="list-style-type: none"> <li>Capital Budget Maintenance Function</li> </ul>	Maintaining the CIP budget including requesting new projects. CIP reconciliation function includes development of the supplemental budget ordinances. This is the process by which new projects are approved or budget authority is added to or subtracted from an existing project. The maintenance process also includes the mid-year CIP reconciliation to identify and adjust, if necessary, the carryover amount for CIP funds.

## B. Agency Administration

Please complete the *Agency Administration Form* identifying the portion of cost and FTE for administrative support provided to the Budget, Financial, Human Resources, and Payroll business areas but not included in direct costs provided in the *Agency Data Collection Form*. One or more persons may be performing this support including department or division administrators and their support staff. Please use the 2004 PONS database as your source for providing the labor cost. The cost amount to use is the PONS amount less the 2004 cost of living adjustment. The average cost of living adjustment was 2.03 percent but your agency's rate may be different because of bargaining units representing your staff.

We realize that at this level a small portion of the department administration staff will be allocated to each of these functions and that the time may not add up to 1.0 FTE. Please allocate to the best of your ability a person's time to the functions he or she supports.

Please include the portion of directors, managers, supervisors and administrative costs that can be allocated to the business areas. As an example, if a person is a payroll supervisor, that person's FTE should be included in the payroll costs, not in administrations. If a person supports many areas including these business areas but does not directly perform tasks for the business areas, then that a portion of that person's cost would be included as agency administration.

The ***Agency Administration Form*** is similar to the ***Agency Data Collection Form***. Please use the column definitions provided above in completing this sheet.

**Exhibit II-2: Contact Information to be filled out by the agency**

<b>Agency:</b>	<hr/>	<b>Date:</b>	<hr/>
<b>Contact:</b>	<hr/>	<b>Phone:</b>	<hr/>
<b>Title:</b>	<hr/>	<b>Email:</b>	<hr/>

**Exhibit II-3: Agency Administration Form**

Business Area	Benefited		Temporary		Comments
	FTE	Labor Cost	FTE	Labor Cost	
Human Resources					
Payroll					
Financials					
Budget					
Total for Agency	0	0	0	0	

**Exhibit II-4: Agency Data Collection Form**

Business Area	Function	Benefited		Temporary		Comments
		FTE	Labor Cost	FTE	Labor Cost	
Human Resources	Class and Compensation					
	Pay					
	Benefits					
	Employee Development					
	Organizational Development					
	Workforce Management					
	Recruitment					
	Safety and Claims					
	Disability Accommodation and Employment					
	Labor Contracting					
	Recruitment					
	Safety and Claims					
	Disability Accommodation and Employment					



Business Area	Function	Benefited		Temporary		Comments
		FTE	Labor Cost	FTE	Labor Cost	
	Labor Contracting					
	Grievance and Disciplinary Administration					
	Performance Appraisal and Merit Pay					
	Human Resources					
	Total	0	0	0	0	
Payroll	Payroll Processes and Reporting					
	Timekeeping					
	Total	0	0	0	0	
Financials	General Ledger					
	Project Accounting					
	Grant Accounting					
	Purchasing					
	Accounts Payable and Warrant Reconciliation					
	Accounts Receivable and Collections					

Business Area	Function	Benefited		Temporary		Comments
		FTE	Labor Cost	FTE	Labor Cost	
	Inventory					
	Order Entry					
	Fixed Assets					
	Cash, Investment and Debt Management					
	Labor Distribution					
	Financial Reporting					
	Total	0	0	0	0	
<b>Budget</b>	Operating Budget Development					
	Operating Budget Maintenance					
	Capital Budget Development					
	Capital Budget Maintenance					
	Total	0	0	0	0	
<b>Total for Agency</b>		0	0	0	0	